## Remarks

Claims 7, 9-14, and 16-22 are pending in the instant patent application. These claims stand rejected on the following grounds:

**Claim Rejections – 35 U.S.C. § 103**

Claims 7, 9, 13-14 and 19 are rejected as unpatentable in view of Donahue ("The Stable Value Wrap: Insurance Contract or Derivative? Experience Rated or Not?", cited in prior Office action) in view of Scheel ("The Impropriety of Benefits-Premiums Ratios in Life Insurance Price Disclosure", *The* Journal *of Risk and Insurance*, Vol. 41, No. 2. (Jun., 1974), pp. 356-360, cited in prior Office action).

In addition, claim 10-12, 16-18 and 20-22 stand rejected as unpatentable over Donahue in view of Scheel and further in view of applicant admission of prior art. These rejections are respectfully traversed.

The present invention is to a selectively programmed computer system and method for implementing a series of asymmetric accounting procedures to a stable value investment product. In particular, the present invention involves a computer system to perform asymmetric accounting operations on stable value funds supplemented by an insurance wrap product used to smooth out market bumps in valuation. Use of these protocols enhances risk management for the issuer of the "wrap" contract that's coupled to the investment so as to minimize distortion in the "put" exposure from applied costs and expenses to the investment product. In one arrangement, the system selectively processes "assessments" to the investment product on both an individual and contract basis. The asymmetric accounting tracks the stable value and market value at the insured level. The resulting restraint on "put" exposure permits expanded use of the stable value products for older/higher risk clients who otherwise would not qualify for this useful product.

The foregoing attributes are clearly recited in one or more of the individual claims. These characteristics however, are totally absent from the references of record. Indeed, Donahue fails to present any accounting on the insured level a fact confirmed by the fifth line in Donahue stating that accounting therein "depends on accounting for investments at contract value." Thereafter, the thrust of the article examines the differences in experience and non-experience rated wrap contracts. In fact, Donahue states right at the beginning that its focus is on the differences between experience rated and non-experience rated wrap products:

> *This article discusses current controversies about the classification of the wrap contract and about the relative value of its experience-rated and non experience-rated versions.*

The article summarizes its scope and content at p. 1, and offers a background on stable value investments:

> *It begins with a brief description of stable value. It then discusses the operation of the stable value wrap contact.*

Using this background, the article examines whether a stable value investment can be characterized as a derivative product – and concludes that it cannot:

> *The article next takes up proper classification of the wrap. After applying the elements of the Statement of Financial Accounting Standards (SFAS) definition of a derivative to the characteristics of a wrap, the article concludes that a wrap does not meet a single element of the definition and is not a derivative.*

As is clearly demonstrated above, there is no teaching or suggestion of any unique accounting in Donahue, or for that matter, any discussion of the asymmetrical application of an "assessment" in an accounting protocol. There is no discussion of "put" exposure and in fact, the article distinguishes the wrap from a put:

> *It is factually incorrect to describe the wrap contract itself as a "put".*

Moreover, in Donahue, there is no accounting presented at the "insured" level. And of course, there is no system parameters for a selectively programmed computer, operable to implement the claimed asymmetrical protocols of claim 1.

The passage in Donahue cited by the Office Action, in fact does not even discuss an insurance product per se; the discussion is directed instead to a "readily marketable bond" and presents the change in interest rate caused by a withdrawal from the bond, and how this plays out with an experience rated wrap vis-à-vis a non-experience rated wrap.

Having expressed no recognition of the inventive features of the instant application, Donahue cannot be combined with the generic math discussion (in Scheel) regarding fractions (ratios), and these concepts simply are not relevant to the obviousness inquiry here. Scheel certainly offers no cure to the defects in the primary reference Donahue, as discussed above. For example, contrary to any proposed advantage of applying ratios to Life Insurance investments, Scheel teaches precisely the opposite:

> *The problem with the ratio lies not so much in its parameters, but rather in a general mathematical property of ratios that makes them unreliable as tools for life insurance price disclosure or policy comparison (emphasis added). (Scheel p. 356)*

A clearer "teaching away" is hard to imagine. Accordingly, any proposed combination with the Donahue article, premised on alleged "common sense" is directly contradicted by the clear statement that the use of ratios is unreliable. As such, persons skilled in this art would be motivated to avoid the combination proposed by the Office Action, and not adopt the generic math discussed in Scheel.

**Miscellaneous Matters**

The Office Action has made an improper extrapolation of "common sense" to disclose features of the claims otherwise totaling absent from the prior art. It is improper because no support is offered to justify the claim. The Office Action has also asserted that concepts taught by Applicant in its specification are admitted "prior art". (See Office Action p. 6) This is also respectfully traversed. Applicant only concedes that statements explicably identified as "prior art" should be considered prior art. All other discussions are either novel or illustrations of one or more of the unique characteristics of the invention – but not "prior art" per se.

## CONCLUSION

It is believed that all claims now pending in this application are in condition for allowance. Should the Examiner not agree, the Applicant respectfully asks the Examiner to contact the undersigned at 212-704-6113 (direct line) to arrange for an interview to discuss any remaining issues and accelerate the examination and allowance of this application. Authorization is granted to charge any outstanding fees due at this time for the continued prosecution of this matter to Troutman Sanders LLP Deposit Account No. 20-1507.

Respectfully submitted,

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**Certificate of Transmission**
I hereby certify that this correspondence is being facsimile transmitted to the U.S. Patent and Trademark Office at facsimile number 571-273-8300 on December 18, 2009

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